

Decision 19-02-023 February 21, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2019 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation. (U39E).

Application 18-06-001

ALTERNATE DECISION ADOPTING PACIFIC GAS AND ELECTRIC COMPANY'S 2019 ENERGY RESOURCE RECOVERY ACCOUNT FORECAST AND GENERATION NON-BYPASSABLE CHARGES FORECAST AND GREENHOUSE GAS FORECAST REVENUE AND RECONCILIATION

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Summary

This decision: 1) adopts a forecast for the 2019 electric procurement revenue requirement of \$2,907.4 million for Pacific Gas and Electric Company (PG&E), which consists of \$1,653.2 million for the Energy Resource Recovery Account (ERRA), \$80.3 million for the Ongoing Competition Transition Charge, \$1,042.9 million for the Power Charge Indifference Adjustment (PCIA) less the amount of the brown power true-up for subject year 2018, and \$131.1 million for the Cost Allocation Mechanism (CAM); 2) approves PG&E's 2019 electric sales and peak load forecasts; 3) adopts a 2019 Greenhouse Gas (GHG)-related forecast of \$1.083 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, \$310 million net forecast GHG revenue return amount following the set aside of \$56.606 million for Clean Energy and Energy Efficiency programs including \$14.499 million for Disadvantaged Communities-Green Tariff and Community Solar Green Tariff programs; and adopts a 2019 semi-annual residential California Climate Credit of \$27.70 per customer; 4) finds 2017 recorded administrative and outreach expenses of \$1.052 million pertaining to implementation of GHG allowance proceeds return, are reasonable; and, 5) approves PG&E's rate proposals associated with its electric procurement related revenue requirements to be effective in rates January 1, 2019.

3.1.3. PG&E's Rate Proposals

PG&E proposes to use the revenue allocation and non-residential rate design methodologies adopted by the Commission in Phase 2 of PG&E's 2014 GRC, D.15-08-005, and for residential rate design, the methodologies adopted by the Commission in the Residential Rate Reform Order Instituting Rulemaking, D.15-07-001, excluding the impacts of the reductions in number of residential tiers. PG&E uses March 1, 2018 electric rates as the basis for present rate revenues.

3.1.4. GHG Issues

PG&E records GHG allowance revenues, expenses, and corresponding revenue return to customers in its GHG Revenue Balancing Account. In its testimony, PG&E describes how it intended to distribute GHG allowance revenues in accordance with the methodologies adopted by the Commission in D.12-12-033 and D.14-02-037.⁷ PG&E also provides detailed explanations of how it calculated the semi-annual residential climate credit and specific expense items and amounts for both administrative and outreach expenses. PG&E forecasts for 2019 net GHG revenue return of \$324.5 million, a semi-annual residential California Climate Credit of \$29.18 and Administrative and Outreach expenses of \$1.083 million. For 2017, PG&E recorded administrative and outreach expenses of \$1.052 million. No party to this proceeding has opposed PG&E's proposal.

PG&E has removed the 2016 to 2018 Solar on Multifamily Affordable Housing (SOMAH) Program funding of \$50.5 million, set aside in the June testimony, because it was previously recorded in the GHG Revenues

⁷ See Ex. PG&E-1 at 13-6:5 - 13-8:11.

Sub-Account within the GHG Revenue Balancing Account. PG&E also revised the 2019 SOMAH Program funding to \$37.7 million and included an additional \$4.4 million to set aside for the Disadvantaged Communities-Single Family Solar Home Program.⁸

Under Pub. Util. Code 748.5(c), the Commission may allocate up to 15% of the revenue received by an electric corporation from its sales of allocated GHG allowances to specific Clean Energy and Energy Efficiency (EE) projects that are not funded by another source and are already approved by the Commission. 15% of PG&E's 2019 forecast allowance is \$56.606 million. The funding for Clean Energy and EE programs is summarized in the table below (in millions).

Total Clean Energy and EE	\$56.606
2019 SOMAH	\$37.700
2019 DAC-SASH	\$4.400
Remaining Funds	\$14.499

In D.18-06-027, the Commission created the Disadvantaged Community-Single-Family Solar Homes (DAC-SASH) program, the Disadvantaged Community Green Tariff (DAC-GT) program, and the Community Solar Green Tariff (CSGT) programs to incentivize the installation of solar generating systems in low-income households. Decision 18-06-027 set an annual \$10 million budget for the DAC-SASH program (with funding apportioned to the participating utilities). Although that decision set no budget for the DAC-GT or CSGT programs, it authorized utilities to fund both programs

⁸ PG&E-6 at 12:21 – 13:5.

first through available GHG allowance proceeds, and then through public purpose program funds if the GHG allowance funds were exhausted.

PG&E proposed to set-aside \$4.4 million, its share of the annual \$10 million budget, for the DAC-SASH program. PG&E did not propose to set aside GHG allowance funding for the DAC-GT or the CSGT programs. Although we find PG&E's set aside for DAC-SASH reasonable and in compliance with D.18-06-027, PG&E's silence regarding a set-aside for the DAC-GT and CSGT programs is inconsistent with D.18-06-027. Therefore, the Commission sets aside the remainder of PG&E's unallocated funding for Clean Energy and EE projects, \$14.499 million, for funding the DAC-GT and CSGT programs. This set-aside of \$14.499 million will also be available for use with any other Commission approved Clean Energy and EE programs implemented in 2019.

PG&E forecasts for 2019 a semi-annual residential California Climate Credit of \$29.18 based on a 2019 net GHG revenue return of \$324.5 million. Following the additional set aside of \$14.499 million, the net GHG revenue return is reduced to \$310 million. Therefore, there is a corresponding reduction of the forecast per household credit and we modify the authorized amount for the semi-annual Climate Credit to eligible households and approve \$27.70.

3.1.5. GHG Emissions Forecast

PG&E has recorded a negative value for its 2019 GHG emissions. Cal Advocates reports that in response to discovery, PG&E explained that it records a negative value for the 2019 emissions forecast because of California Independent System Operator (CAISO) sales and contract sales.

4. It is reasonable to defer in the PCIA calculation recognition of potential tax savings realized from application of the Tax Cut and Jobs Act because they are not yet approved by the Commission.

5. A true-up of brown power in the 2019 ERRRA Forecast based on 2018 actual net CAISO revenues for PCIA-eligible resources complies with D.18-10-019.

6. This decision implements a key part of the GHG reduction program envisioned by AB 32 and Public Utilities Code Section 748.5 and, as a result, will improve the health and safety of California residents.

7. PG&E's Exhibits PG&E-6 and PG&E-6-C, should be identified and received into the evidentiary record.

8. PG&E's request to seal the confidential version of its testimony should be granted, as detailed herein.

9. The Joint CCAs exhibits Joint CCAs-10 through Joint CCAs-26, inclusive, should be identified and received into the evidentiary record.

10. This decision should be effective immediately so that it may be reflected in rates on January 1, 2019 or as soon thereafter as reasonably practicable.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company's (PG&E) requests in Application 17-06-005 are modified and adopted as follows: 1) adopt a forecast for the 2019 electric procurement revenue requirement of \$2,907.4 million for PG&E, which consists of \$1,653.2 million for the Energy Resource Recovery Account, \$80.3 million for the Ongoing Competition Transition Charge, \$1,042.9 million for the Power Charge Indifference Adjustment (less the amount

of the brown power true-up) , and \$131.1 million for the Cost Allocation Mechanism; 2) approve PG&E's 2019 electric sales and peak load forecasts; 3) adopt a 2019 Greenhouse Gas (GHG)-related forecast of \$1.083 million for administrative and outreach expenses pertaining to implementation of GHG allowance proceeds return, \$310 million net forecast GHG revenue return amount, \$56.606 million for Clean Energy and Energy Efficiency programs, including \$14.499 million for Disadvantaged Communities-Green Tariff and Community Solar Green Tariff programs, and adopts a 2019 semi-annual residential California Climate Credit of \$27.70 per customer; 4) find 2017 recorded administrative and outreach expenses of \$1.052 million pertaining to implementation of GHG allowance proceeds return, are reasonable; and, 5) approve PG&E's rate proposals associated with its electric procurement related revenue requirements to be effective in rates January 1, 2019 or as soon thereafter as reasonably practicable.

2. PG&E must file a Tier 2 Advice Letter within 15 days of the date of this decision including tariff sheets in compliance with this decision.

3. Pacific Gas and Electric Company's updated 2019 electric sales forecast and rate proposals associated with its electric procurement related revenue requirements is approved to be effective in rates January 1, 2019 or as soon thereafter as reasonably practicable, subject to the Annual Electric True-up process.

4. The calculation of the PCIA rate shall follow as it has in past ERRRA proceedings by allocating the cumulative vintaged Indifference Amount to each rate group using the allocation factors followed by dividing by the forecasted system sales for the forecast year.

5. The 2019 forecast shall include a true-up of the 2018 forecast year for brown power. Pacific Gas and Electric Company is ordered to calculate the true-up by applying actual 2018 market prices to actual PCIA-eligible generation deliveries and realized Ancillary Services revenues in accordance with D.18-10-019. Subsequently, the Renewable benchmark will be updated per Resolution E-4475 when adjusting the Brown Power Benchmark. Pacific Gas and Electric Company's request for receipt of the public and confidential versions of its Exhibits PG&E-6 and PG&E-6-C, into the record is approved.

6. Pacific Gas and Electric Company's request to treat as confidential, its Exhibit PG&E-6-C, is granted. This exhibit shall remain sealed and confidential for a period of three years after the date of this order, and shall not be made accessible or disclosed to anyone other than the Commission staff or on further order or ruling of the Commission, the assigned Commissioner, the assigned Administrative Law Judge (ALJ), the Law and Motion Judge, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If PG&E believes that it is necessary for this information to remain under seal for longer than three years, PG&E may file a new motion stating the justification of further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of this limited protective order.

7. The Joint Community Choice Aggregators' request for receipt of Joint CCAs-10, Joint CCAs-11, Joint CCAs-12, Joint CCAs-13, Joint CCAs-14, Joint CCAs-15, Joint CCAs-16, Joint CCAs-17, Joint CCAs-18, Joint CCAs-19, Joint CCAs-20, Joint CCAs-21, Joint CCAs-22, Joint CCAs-23, Joint CCAs-24, Joint CCAs-25, and Joint CCAs-26 into the record is approved.

8. Application 18-06-001 is closed.

This order is effective today.

Dated February 21, 2019, at San Francisco, California.

LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners

I dissent.

/s/ MICHAEL PICKER
Commissioner

I reserve the right to file a concurrence.

/s/ MARTHA GUZMAN ACEVES
Commissioner